



Capital Allowances Act 2001

2001 CHAPTER 2

PART 10

ASSURED TENANCY ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE

501 Capital expenditure on construction

If—

- (a) capital expenditure has been incurred on the construction of a building which was to be or include a qualifying dwelling-house, and
- (b) the relevant interest in the building has not been sold or, if it has been sold, it has been sold only after the first use of the building,

the capital expenditure is qualifying expenditure.

502 Purchase of unused dwelling-house where developer not involved

(1) This section applies if—

- (a) expenditure has been incurred on the construction of a building which was to be or include a qualifying dwelling-house,
- (b) the relevant interest was sold before the first use of any dwelling-house comprised in the building,
- (c) a capital sum was paid by the purchaser for the relevant interest, and
- (d) section 503 (purchase of dwelling-house sold unused by developer) does not apply.

(2) The lesser of—

- (a) the capital sum paid by the purchaser for the relevant interest, and
- (b) the expenditure incurred on the construction of the building,

Status: This is the original version (as it was originally enacted).

is qualifying expenditure.

- (3) The qualifying expenditure is to be treated as having been incurred when the capital sum became payable.
- (4) If the relevant interest was sold more than once before the first use of any dwelling-house comprised in the building, subsection (2) has effect only in relation to the last of those sales.

503 Purchase of dwelling-house sold unused by developer

- (1) This section applies if—
 - (a) expenditure has been incurred by a developer on the construction of a building which was to be or include a qualifying dwelling-house, and
 - (b) the relevant interest was sold by the developer in the course of the development trade before the first use of any dwelling-house comprised in the building.
- (2) If—
 - (a) the sale of the relevant interest by the developer was the only sale of that interest before the first use of any dwelling-house comprised in the building, and
 - (b) a capital sum was paid by the purchaser for the relevant interest, the capital sum is qualifying expenditure.
- (3) If—
 - (a) the sale by the developer was not the only sale before the first use of any dwelling-house comprised in the building, and
 - (b) a capital sum was paid by the purchaser for the relevant interest on the last sale,the lesser of that capital sum and the price paid for the relevant interest on its sale by the developer is qualifying expenditure.
- (4) The qualifying expenditure is treated as having been incurred when the capital sum referred to in subsection (2)(b) or (3)(b) became payable.
- (5) For the purposes of this section—
 - (a) a developer is a person who carries on a trade which consists in whole or in part in the construction of buildings with a view to their sale, and
 - (b) an interest in a building is sold by the developer in the course of the development trade if the developer sells it in the course of the trade or (as the case may be) that part of the trade that consists in the construction of buildings with a view to their sale.